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KEY ISSUES - NRO EXCOM MEETING 4 AUGUST 1967

1. OXCART - The Agenda frequently alludes to the possibility of continuing OXCART, and states that the monthly cost of an OXCART extension beyond December 1967 could approximate [redacted] [redacted] OSA considers [redacted] to be a closer approximation. In any event, it must be recognized that whether or not the OXCART program is to be continued will cease to be a budgetary question after October. The OXCART support platform is currently headed toward a phaseout operationally by 30 November 1967. Procurement of spares has virtually ceased. Warehouse and bonded stocks are being consumed. Support personnel will likewise have been phased out and contractor-production lines closed down. In short, an October decision to continue OXCART beyond December 1967 would mean rejuvenating the program under a complete set of new ground rules; i.e., initial procurements, contract renegotiations, recall of personnel, assets, and facilities.

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The specific costs involved in a continuation are dependent on:

- a. The time the decision is made.
- b. The length of continuation.
- c. Whether the project is expected to be in position to operate beyond any initial continuation period.

2. IDEALIST - The IDEALIST program is relatively stable at the moment, although about one-half of the FY 1968 budget has been withheld. It is assumed that the additional funds will be made available as the year progresses.

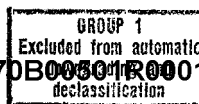
3. U-2R

- a. There have been some misunderstandings concerning the funding procedures since the U-2R was approved for procurement. Initial estimates submitted by CIA assumed that the Agency would budget only for its own program and that we would ultimately have a fleet composed only of U-2R's. These assumptions were subsequently changed, in that CIA has been designated the System Project Officer (SPO) for the U-2R procurement, and as such will budget for both

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NRO and USAF review(s) completed

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CIA and USAF requirements. The assumptions were further modified in that both CIA and SAC will now operate mixed fleets (including U-2R's and the present models), which will cost more. For example, each must stock spare parts for both types of aircraft.

- 25X1 b. The [] U-2R budget for FY 1968 includes the equipment and support necessary for both the Agency and SAC to meet individual operational concepts. The NRO memorandum states: "The FY 1968 submitted requirements were [] above the President's Budget base of []. Of this overage, [] is directly attributable to the SAC requirements and [] to life support systems for the Agency. If the SAC requirements were deleted or otherwise funded and our normal IDEALIST submission were approved, we could absorb the [] life support requirement and still stay within the President's Budget for the U-2R and IDEALIST.

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- c. It is further stated in the NRO memorandum that, "As a dollar indicator, [] more was obligated for the U-2R in FY 1967 than forecast to the EXCOM in November '66." This was not an overrun, but rather money saved from other programs during the fiscal year. It was transferred, with NRO approval, to the procurement of long-lead items for the additional four aircraft, which effected an overall savings to the Government and reduced the FY 1968 requirement by a like amount.

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25X1 4. GENERAL R&D - OSA received [] ORD received []. The provision was made that R&D projects would be considered by the NRO on an individual project basis only; therefore, as additional funds are requested in this category, special studies would have to be forwarded to the NRO to secure additional funds on a project basis. This, in effect, transfers the management of the General R&D effort from the Agency to the NRO, completely eliminating any flexibility for independent research.

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Satellite Programs

1. CORONA - Attention should be drawn to the NRO-proposed program of having only four payloads available [REDACTED]

[REDACTED] The availability of these four payloads in this time period is based on the assumption that either (a) there are no failures in the next three years of operation, or (b) in the event of a launch failure no replacement will be flown. Past experience indicates that it is not unreasonable to experience at least one failure a year. The NRO thinking on this issue has been "the schedule is in terms of total launches and not necessarily successful launches." Such thinking provides little or no flexibility for crises or expanded requirements. Agency recommends at least three more payloads to cover such contingencies [REDACTED]

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2. APPLIED RESEARCH/ADVANCED TECHNOLOGY AND ADVANCED DEVELOPMENT - Budget requested [REDACTED] initially approved [REDACTED] The deferral of several requests for '68 funds to continue programs initiated in FY 1967 inhibits our ability to direct sound and orderly contractor efforts. Unless funds are made available there is little rationale for continuing our current programs since no meaningful results will be obtained unless funded to completion. It is essential for basic program management that we obtain an indication from the NRO of the amount of funds that will be made available this fiscal year in order to carry out proper planning and execution of our efforts.

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